

# Sun Life Malaysia Balanced Moderate Fund

May 2022



## FUND OBJECTIVE

To provide a balanced exposure into equities and bonds.

## FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	9.79 million units (31 May 2022)	Fund Size	RM18.58 million (31 May 2022)
Unit NAV	RM1.8981 (31 May 2022)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	50% FBM100 + 50% 12 month FD
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> <li>Want a balanced portfolio between equities and bonds</li> <li>Are risk neutral between bonds and equities</li> </ul>	Fees	<p>The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges:</p> <ul style="list-style-type: none"> <li>Sun Life Malaysia Growth Fund: 1.5% p.a.</li> <li>Sun Life Malaysia Conservative Fund: 1.0% p.a.</li> <li>There are no other fund management charges on this fund</li> </ul>

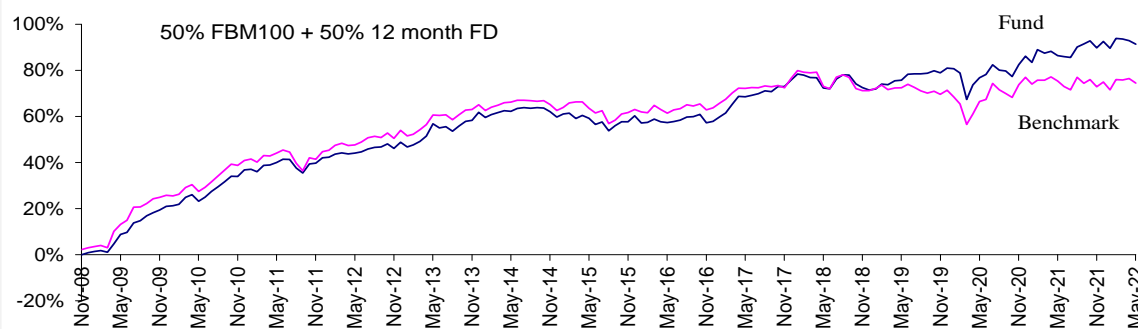
## ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
50.00%	50.00%

## WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
49.98%	50.23%	-0.21%	100.00%

**PERFORMANCE RECORD**



%	YTD	1M	1-Year	3-Years	5-Years	10-Years	Since Inception
<b>Fund*</b>	-0.60	-0.78	2.66	8.87	13.56	32.77	91.37
<b>Benchmark</b>	-0.28	-1.09	-0.49	1.19	1.34	18.18	74.50

\* Calculation of past performance is based on NAV-to-NAV

**Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.**

**FUND MANAGER'S COMMENTS**

In May 2022, the Fund's performance decreased by 0.78%, outperforming the benchmark by 0.31%.

FBMKLCI lost 30pts or 1.9% to 1,570pts in May despite the short month due to the Eid celebrations. Plantations (-9%), Healthcare (-6%) and Property (-6%) languished, while Energy (+8%) shined, fueled by elevated oil prices amidst the prolonged Russian-Ukraine conflict which has now entered its fourth month and EU's proposed ban on Russian oil. Performance of the other sectors were quite mixed.

Malaysia's manufacturing sector stagnated in May, with the PMI declined from 51.6pts in April to 50.1pts. New order growth eased sharply while output volumes were scaled back for the fifth consecutive month due to raw material shortages and rising prices. Renewed lockdown restrictions in China exacerbated supply chain disruptions, which had also led to a decline in input purchases. Consequently, employment dropped at the fastest pace since August 2020 due to limited supply of foreign workers with backlogs of work rising at the fastest pace in six months. Firms surveyed reported that they continue to pass on higher cost burdens to clients. That said, "Sentiment improved from April's eight-month low, amid hopes that the end of pandemic would encourage a full easing of restrictions", according to S&P Global.

Bank Negara maintained GDP growth forecast to 5.3-6-3% for 2022. Despite the re-opening of borders and businesses following the lifting of Covid-19 restrictions, the central bank expects some impact from the Russia-Ukraine conflict. Headline inflation is also projected to average higher between 2.2% and 3.2%. BNM raised OPR by 25bps to 2.00% in the recent MPC meeting. Economists now expect up to 50bps hike in 2H22, and a further 50bps in 2023. The monetary tightening will be dependent on the inflation print, which is now running hot on the back of surging commodity prices and persistent supply-chain issues. Malaysia's CPI rose 2.3% yoy in April, led mainly by higher food prices, up 4.1% versus the same period last year.

The fixed income market found some respite in May amid recent selloffs and recorded positive returns across most indices. Government bonds snapped losses during the month, fueled by the rally in US Treasuries as expectations for further aggressive interest rate normalisation by the Federal Reserve ebbed toward the end of the month as the central bank commenced its monetary policy normalisation by raising its policy rate by a half point for the first time in two decades. The MGS benchmark yield curve bull-flattened during the month, taking cue from lower US Treasury yields with intermediate tenures seen rallying the most. Sentiment turned positive as bids emerged amid oversold valuation as confidence on economic growth heightened and uncertainties were reduced on future rate hike path in the US. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 3.54% (-9bps), 3.83% (-17bps), 4.06% (-38bps), 4.19% (-13bps), 4.56% (-28bps), 4.63% (-27bps) and 4.91% (-7bps) respectively at the end of May.

## RISKS

All investment carries some form of risks. The potential key risks include but are not limited to the following:

<b>Market risk</b>	<p>Market risk is the risk of negative movement that affects the price of all assets in a particular capital market. The factors influencing the performance of the markets include:</p> <ul style="list-style-type: none"><li>• Economic and financial market conditions</li><li>• Political change</li><li>• Broad investor sentiment</li><li>• Movements in interest rate and inflation</li><li>• Currency risks</li></ul> <p>Stock and/or securities values fluctuate in response to the activities and performance of individual companies and general market or economic conditions. Such movements in the underlying values of the share of the investment portfolio will cause the NAV or prices of units to fall as well as rise. Market risk is mitigated through careful selection of securities and diversification through spreading of risk across a basket of assets and/or sectors.</p>
<b>Interest rate risk</b>	<p>Interest rates are inclined to fluctuate over time. A rise in the general level of interest rates will result in a decline of the value of all bonds and fixed interest securities. Hence a bond fund's NAV will most probably decrease with the rise of interest rates. Maintaining an appropriate diverse mix of assets with different yield and maturity profiles will lessen the impact of interest rate risk.</p>
<b>Liquidity risk</b>	<p>Liquidity risk is defined as the ease with which a security can be sold at or near its fair value depending on the volumes traded on the market. Liquidity risk is mitigated through the selection of stocks with an active trading volume in the open market. This ensures that exit strategies can be executed with little/minimal impacts to price fluctuations.</p>
<b>Company or security specific risk</b>	<p>There are many specific risks, which apply to individual companies or securities. Examples include the possible effect on a company of losing a key executive or the unforeseen entry of a new competitor into the market. The risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>
<b>Credit risk</b>	<p>Credit risk refers to an issuer's ability to make timely payments of profit and principal. In the event that the issuer of the instrument is faced with financial difficulties, leading to a decrease in their credit worthiness (i.e Bond prices will change/drop in the event of rating downgrade) and default in the payment of profit and principal, the value of the fund may be adversely affected. Credit risk is mitigated by conducting in-house periodic reviews and analysis. In-house analysis is then supplemented by periodic reviews from rating agencies and market analysts.</p>

Source : *Principal Asset Management Bhd*

Date : *31 May 2022*

### Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance of the underlying investment. This material is for information purposes only and is subject to change at any time without notice. Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any purpose or reason. This information should not be considered as advice or recommendation in relation to your account or particular investment objectives, financial situation or needs. You may not revise, transform, or build upon this material without prior written consent of Sun Life Malaysia. Before acting on any information you should seek independent financial advice. Sun Life Malaysia may suspend the unit pricing and defer the payment of benefits, other than death and total and permanent disability benefits, subscription or redemption of units, switching of funds, under this contract for a reasonable period in exceptional circumstances, such as and including intervening events resulting in temporary closure of any stock exchange.